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ABSTRACT

This paper provides an update of the financial reforms that took effect in the province of Ontario for the 1998-99 year. During the 1998-99 school year, a student-focused funding model for the distribution of money to elementary and secondary education was introduced. The model was based on students' needs rather than the local community's wealth and replaced the former 34 different types of grants with eleven kinds of funding, including foundation grants, special-purpose grants, special-education grants, language grants, early-learning grants, learning-opportunities grants, geographic and school authorities grants, teacher-compensation grants, adult- and continuing-education grants, transportation grants, school-board administration and governance grants, and pupil-accommodation grants. The new funding mechanism provided more fiscal accountability to taxpayers. This new approach to funding education included a class-size protection fund and funding for additional teachers. Adjustments to allocated funding were dictated by the needs of school boards, which were trying to meet many of the new conditions set by the government. This need for adjustments signaled that the government was moving more quickly than the education system could reasonably be required to respond. (RJM)

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Financing Education in Ontario – Update

by

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The financing of education in the province of Ontario underwent major examination in 1995 and extensive restructuring in 1997. The events associated with this activity were reported in the monographs edited by Yasser Nakib (1997) and Donald Tetreault (in press). This paper provides the reader an update of the financial reforms that are taking effect in the province of Ontario for the 1998-99 year.

The1998-99 school year saw the introduction of the student-focused funding model for the distribution of money to elementary and secondary education. The model professes to be based on students' needs rather than the local community's wealth, thus the name of the model. Also, the Ministry is very vocal on its stance that the new funding model is geared to put more money

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into the classroom and less into the administration of school system. This rationale has met the predictable resistance from within the administrative ranks of school systems. It is a battle that will have no declared winner until the new model has had an appropriate implementation testing time.

In a news release on March 25, 1998, the Minister of Education and Training stated that "Education spending will be stable at more than $13 billion for each of the next three years. When combined with current teacher pension contributions, this will total $14.4 billion in 1998-99. In addition, a total of $385 million will be provided to help school boards restructure and make a smooth transition to the new funding model and a reformed education system." In its first three years, the new funding model will increase the share of resources directed to the classroom from 61 to 65 per cent.

Ontario's new approach to funding education includes:

- **Class Size Protection Fund** that will provide $1.2 billion over three years to ensure that, on a board-wide basis, average class size does not exceed 25 pupils in elementary school classes and 22 pupils in secondary school classes.
- **Funding for additional teachers** will be provided where required because of enrolment growth support for early learning. All school boards will be able to offer Junior Kindergarten or alternative early learning programs.
- **Learning Opportunities Grant** to provide extra help for students at greater risk of academic failure because of their social and economic situations more than $1 billion in

protected funding for special education funding for English as a Second Language and its French-language equivalent, Actualisation linguistique en français /Perfectionnement du français a one-time $50 million investment in learning materials such as text books and software

June 15, 1998 the Minister announced adjustments to allocated funding. These adjustments were dictated by needs of school boards trying to meet many of the new conditions set by the government. Adjustments were:

- a guaranteed level of funding for special education, to ensure that programs and services for students with special needs will be in place for September 1998.
- an additional $30 million provided to ensure boards meet the requirement of maximum average class sizes of 22 pupils at the secondary level.
- Boards given the flexibility to make local decisions about how to provide the 600 hours of Core French instruction required at the elementary level.
- Boards given extra time to plan for effective student accommodation.

The need for adjustments signaled and continues to signal that the Government is moving more quickly than the education system can reasonably be required to adjust. The direction of the Government has general support in and outside of the education system but the speed and quantity of reforms is causing some concern and the necessity to adjust financial support and timelines by the Government.

The new student-focused funding model replaces the former thirty-four different types of grants with eleven. The eleven types of grants school boards may be eligible for being:

1. **Foundation Grant** to provide for the core education of every student
2. **Special Purpose Grants** to recognize the different circumstances faced by students and school boards:
    a. **Special Education Grant** – a two-part grant. The first part would provide flexible funding to meet the needs of most exceptional students, while the second part would meet the needs of specific students who require specialized high-cost assistance
    b. **Language Grant** – to support a range of programs to help students learn the language of their classroom or a second language
    c. **Early Learning Grant** – to ensure that school boards have the resources to design early learning programs that best meet the needs of children in their communities
    d. **Learning Opportunities Grant** – to support a range of programs designed to help students who are at greater risk of academic failure because of their social and economic situations
    e. **Geographic and School Authorities Grant** – to pay the additional costs faced by boards in rural and remote areas, boards operating small schools or serving sparse student populations, and school authorities
    f. **Teacher Compensation Grant** – to give school boards the funds they need to recognize teachers' qualifications and experience

g. **Adult and Continuing Education Grant** – to fund education for adults 21 and over including credit courses leading to an Ontario Secondary School Diploma and non- credit second-language training in English or French, this grant also funds summer school for secondary school students and International-languages instruction (often called "Heritage Languages")

h. **Transportation Grant** – to pay for bussing and other student transportation

i. **School Board Administration and Governance Grant** – to pay for the cost of trustees, directors and supervisory officers, and central administration of school boards

3. **Pupil Accommodation Grant** to pay for building new schools; operating and maintenance costs (heating, lighting, cleaning); repairs and renovations; and capital debt servicing costs

In addition, the new approach to funding requires a greater accountability from school boards to parents and taxpayers in terms of how they are spending education dollars. This move can in part be reasoned on the basis that the Ministry will need evidence that its new "classroom" and "student" focused funding are paying the dividends promised to parents and taxpayers and to ensure that should school boards attempt to undermine the new approach they are accountable not only to the Ministry but parents and taxpayers whose children and tax dollars are being affected.

This greater fiscal accountability of school boards is evident by the following government

provisions:

- **targeted allocations**, which will be monitored by the Ministry of Education and Training to ensure that funds are spent appropriately and for the purposes intended
- a requirement that school boards issue an **annual Financial Report Card**
- an **annual Report to Taxpayers** from the Ministry of Education and Training, summarizing what each school board has spent.

Obviously, the education funding scene in the province of Ontario is changing. The change is not only in where the dollars are allocated but the conditions on which this allocation is made. The funding of education has always been a combined non targeted and targeted dollars. However, the prescription of how dollars are spent at the school system level is much more magnified now. Furthermore, although school boards have always been required to submit audited financial statements, the terminology change to financial report card elicits a different mind set among all players. There is now an implied judgment standard that is not known by those to be judged and an implied competition with other school systems within the province. When the systems need to cooperate with each other more than in the past because of fiscal constraints this competitiveness that is now implicit within the fiscal performance of school systems may prove unhealthy. Finally, the fiscal accountability to taxpayers is perhaps long overdue. Given that school taxes command a significant portion of any local taxpayer's tax bill, it is reasonable that an annual accounting for expenditures in terms of results be provided.

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